

Fiscal Services Division Legislative Services Agency Fiscal Note

SF 2037 - Bingo Organization Tax Exemption (LSB 5730 XS)
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Fiscal Note Version — New
Requested by Senator Ron Wieck

Description

Senate File 2037 exempts proceeds derived from bingo sales from the State sales and use tax if the sale is made by an organization exempt from federal taxation under Section 501(c)(3) of the Internal Revenue Code (religious, charitable, educational, literary, *etc.*, organizations).

Assumptions

1. Bingo sales by charitable organizations in Iowa during FY 2003 equaled \$29.0 million and will equal that amount in future fiscal years.
2. The State sales/use tax rate is 5.0% and the average local option sales tax rate is 1.0%.
3. Sales and use tax growth will not exceed 2.0% in FY 2005, but will do so in FY 2006 and future years.
4. The Grow Iowa Values Fund receives all sales and use tax revenue growth in excess of 2.0% for fiscal years 2004 through 2010.

Fiscal Impact

The tax exemption in SF 2037 will reduce General Fund revenues by \$1.45 million in FY 2005. The revenue reduction will be similar in future fiscal years, however, the reduction will shift to the Grow Iowa Values Fund for FY 2006 through FY 2010.

Senate File 2037 will also reduce local option sales tax receipts by \$290,000 per year.

Source

Department of Inspections and Appeals

Dennis C Prouty

February 25, 2004

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
